

March 2, 2006

**VIA OVERNIGHT AND  
ELECTRONIC DELIVERY**

Jean A. Webb  
Office of the Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Re: Application for Reinstatement  
of Contract Market Designation

Dear Ms. Webb:

On behalf of the Philadelphia Board of Trade, Inc. ("PBOT"), we hereby submit the enclosed application ("Application") for reinstatement of PBOT's designation as a contract market pursuant to Section 5(b) of the Commodity Exchange Act ("CEA") and the Part 38 Rules of the Commodity Futures Trading Commission ("Commission"). Concurrently, we are submitting a request for confidential treatment of certain parts of the Application pursuant to Commission Rule 145.9(d). We request that the Commission review and approve the Application on an expedited basis as provided in Commission Rule 38.3(a)(2) not later than 90 days after receipt of this Application.

The Philadelphia Stock Exchange, Inc. ("Phlx") formed PBOT in 1984 under Pennsylvania law as a wholly-owned, for-profit corporate subsidiary. Phlx began operating in 1790, and is the oldest securities exchange in the U.S. On January 20, 2004, Phlx changed its structure from a member-owned exchange to a Delaware stock corporation, pursuant to a plan of demutualization. Phlx is registered as a national securities exchange under the Securities Exchange Act of 1934 and is subject to regulation by the Securities and Exchange Commission. Currently, Phlx provides a marketplace for over 2,000 stocks and for options on over 1,900 stocks, various sector indices and six major currencies. Phlx began listing currency options in 1982.

The Commission approved PBOT as a designated contract market in May 1985. Since then, PBOT has listed a variety of futures contracts, including currency futures contracts designed to complement Phlx's currency options markets.

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Since its inception, PBOT has operated as a floor-based open outcry exchange. PBOT's trading model has remained largely unchanged since the Commission staff's rule enforcement review of PBOT in 1994. We have advised the Commission staff that PBOT is preparing to launch an electronic trading platform later this year, which will replace open outcry floor trading. Nevertheless, the senior management of Phlx and PBOT is committed to reopening and reinvigorating PBOT in its current structure as soon as the Commission approves this application.

The enclosed materials comprising the application include each applicable item requested under Commission Rule 38.3(1)(a)(ii), including the PBOT Market Surveillance Procedures Manual (Rule 38.3(a)(1)(ii)(E)) and the Regulatory Chart (Rule 38.3(a)(1)(ii)(F)). We ask that the Commission please take into account PBOT's experience as a designated contract market in good standing for over 20 years and its close affiliation with Phlx, which will perform surveillance functions for PBOT, in reviewing this application. In particular, please note that options surveillance staff of Phlx will, as before, perform trade practice and market surveillance for PBOT, as described in the Market Surveillance Procedures Manual.

The Regulatory Chart includes cross-references to existing PBOT Rules that demonstrate PBOT's compliance with a number of the designation criteria and core principles that apply to designated contract markets under Section 5 of the CEA. These include references to PBOT's long-standing disciplinary procedures rules, which conform to the Commission's Part 8 Rules.

If Commission staff has any questions regarding this application, please contact me at 312-832-5179 or Robert Paul, Executive Vice President and General Counsel of Phlx, at 215-496-5406. We appreciate the Commission's consideration of this Application.

Very truly yours,



Kathryn M. Trkla

cc: Commission FOIA Compliance  
Mr. Richard Shilts, Director, Division of Market Oversight  
Ms. Riva Adriance, Chief, Market Review Branch  
Mr. Clarence Sanders, Market Review Branch  
Ms. Jane Croessmann, Market Review Branch

**Philadelphia Board of Trade, Inc.**  
**Application for Reinstatement of Contract Market Designation**

**List of Appendices**

**Appendix A**

- PBOT Rulebook
- Chart of PBOT Rule Filings Since 1994
- Memoranda Regarding Exchange for Physical and Crossing Rules

**Appendix B**

- Description of Trading System

**Appendix C**

- PBOT Articles and Certificate of Incorporation
- PBOT By-Laws
- Letter Describing Governance and Legal Status of PBOT

**Appendix D**

- NFA Arbitration Agreement
- OCC Clearing Agreement – Subject to a request for confidential treatment

**Appendix E**

- PBOT Market Surveillance Procedures Manual

**Appendix F**

- Regulatory Chart Summarizing PBOT's Compliance with Designation Criteria and Core Principles